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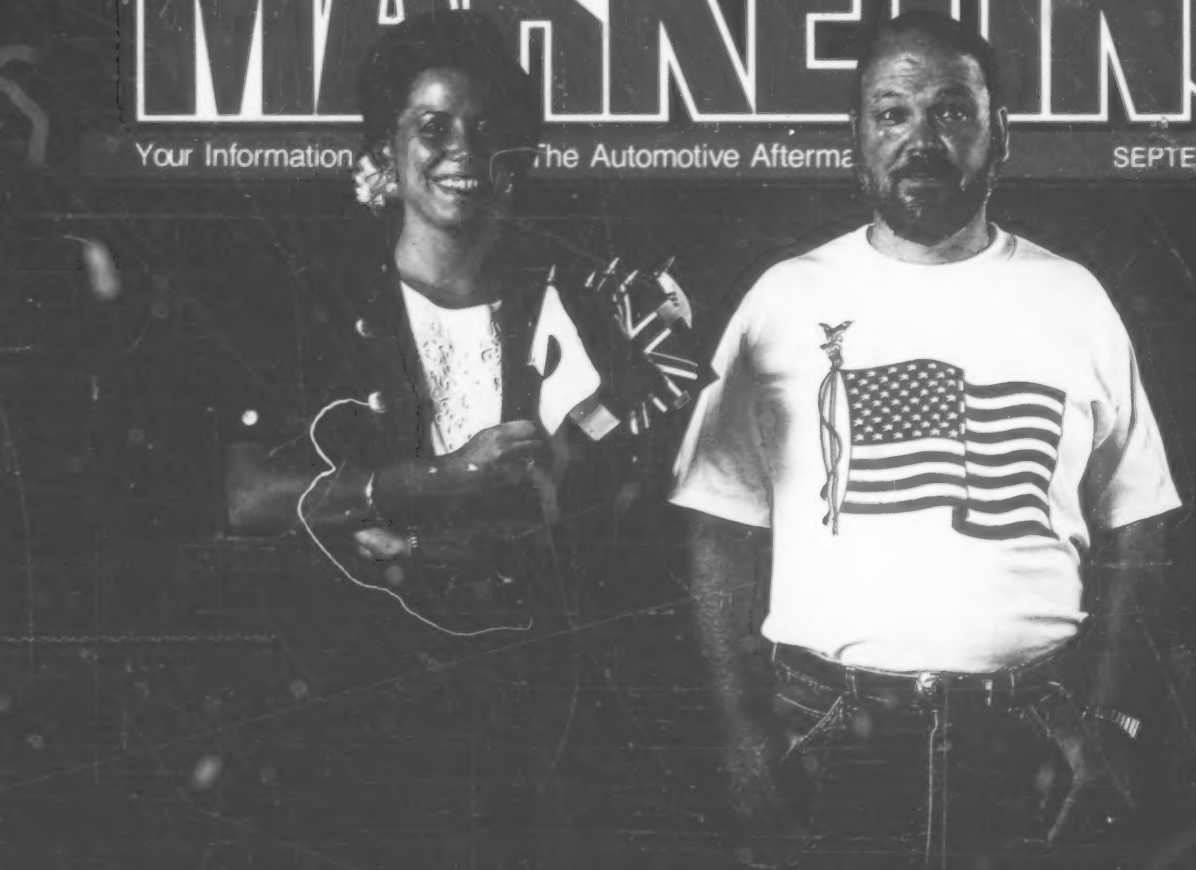
# AUTOMOTIVE MARKETING

Your Information ... The Automotive Afterma... SEPTEMBER 1991



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AUTOMOTIVE MARKETING

SEPTEMBER ISSUE/VOLUME 20, NUMBER 9

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**EDITORIAL STAFF**
FAX (215) 964-4981

**Steve Davis,** Editor (215) 964-4395
**Phil Katcher,** Business Editor
**John Wirebach,** Senior News & Feature Editor
**William H. Wolfe,** Senior Contributing Editor
**Wendy Ampolsk,** Contributing Editor
**Regis D'Angiolini,** Editorial Intern
Edward L. Kaufman, Contributing Editor (201) 567-6158
Bonnie Lynne Shannon, Editorial Assistant
Jake J. Smith, Creative Director
Mike Trinsey, Art Director
Sarah Frankson, Group Publisher (215) 964-4390

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CHILTON OFFICERS
Gary E. Ingersoll; President
Donald W. Chestnut; Sr. V.P. Operations/Admin.
Christopher M. Savine; V.P. Finance, C.F.O.
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AUTOMOTIVE MARKETING-ISSN 0193-3264 Published monthly (12 times a year) by Chilton Company, Chilton Way, Radnor, PA 19089. Chilton Co. is a division of American Broadcasting Companies Inc., New York, NY. Subscription prices (payable in advance) in the United States and U.S. possessions $36.00 a year. Canada, $70.00 a year. Single copies $3.50 each when available U.S. only. SECOND CLASS postage paid at Wayne, PA 19087 and additional mailing offices. Postmaster send form 3579 at AUTOMOTIVE MARKETING, PO Box 2075, Radnor, PA 19089. Canadian GST Registration Number is R125906743.

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# MARKET LINE

SERVICE MARKET

## Nuances In The Nineties; Will More Auto Chain Stores Add Service Bays?

Checking over our annual list of the Top 100 auto chains we discovered that Strafco (Straus-Frank Co.), a 94-store Carquest jobber chain in San Antonio, TX, also operated 37 service bays. While in recent months, retailers Champion Auto, New Hope, MN, and ADAP, Avon, MA, had decided to get into service, we had never heard of a jobber chain willing to compete with wholesale installer customers.

"We're not too proud of it," Roger Pritt, vice president of operations at Straus-Frank, conceded. "We acquired a bunch of stores in Houston that had service as an integral part of their business. It's not our philosophy. We had nine stores and reduced them to seven. At those locations, service is ongoing. But we're not interested in service bays on a large scale. We have no plans to sell these stores, but we don't want any more service bays."

Pritt described the service operation as doing mostly undercar services: "Brakes, mufflers, shocks. We sell tires, alignments. It's very similar to Western Auto, but the store is not as retail oriented." All seven stores are profitable, Pritt said.

Jobber chains, to be sure, have large numbers of installer customers who do not appreciate jobbers opening competing service bays. Retail chains, however, don't have this problem, and many are considering opening bays. ADAP, which plans to test a prototype service operation in Saugus, MA, next year, reasoned this way, according to vice president and general manager Wayne Yodzio: "We felt we had to make a decision on what kind of retailer we wanted to be. If you want to sell parts to local installers you have to deliver and you need accounts. The DIY business, in certain categories, is stagnant or declining. To be a major player you need to get into service."

Right now, Yodzio sees the potential service operation as "exactly like a Pep Boys or Western Auto" with service managers reporting to a head of service separate and distinct from the over-the-counter operation. "But we have no long term plans yet. I've heard too many former ADAP management people tell us what we're going to be. All I can say is that we're going to be profitable. We're going to test one prototype operation and get it right."

Service bays offer the retailer the chance to reach the non-DIYer, especially women, offer a hedge against declining DIY sales and differentiate the chain from competitors.

The debate over whether or not DIY sales will decline drastically in the 1990s has been argued for some time. At least one chain we know of claims its hard part sales (past filters and plugs) have fallen in half in the past three years. All we can add is that our *Consumer Automotive Repair Study (CARS)* suggests that DIY is *not* declining: "Despite talk about increasingly difficult automotive technology decreasing how much DIY is done," we wrote in March, 1991, "vehicle maintainers aren't aware of being unable to do the work. In all, 44% said they're doing as much work now as they did five years ago, while 31% said they'd increased how much DIY they do. And, 58% expected to do as much DIY in the future as they're doing now, while another quarter more said that they'll be doing more in the future than now."

Still, the national demographics support service over DIY sales. Dan Bock, president of Carquest, Tarrytown, NY summed up the reasons nicely:

- More women owning cars with little time, motivation or experience to fix their own car;
- The quality and complexity of new automotive technology discourages casual DIYers;
- The increasing number of import cars;
- An aging population. DIY declines with age.

At Champion Auto, New Hope, MN, which recently purchased the Crown Auto stores from Phoenix-based Northern Automotive mainly because Crown has service bays, executive vice president

### AUTO CHAIN SERVICE BAYS MARKET SHARE

Auto chain stores have roughly 2% of the service bays and gain about 1.8% of the total market. Based on the 1991 *Consumer Automotive Repair Study (CARS)*, here is the market share of auto chain store service facilities for several popular auto repairs.

| Type Repair | Auto Chain Service Bay Share |
|---|---|
| Battery replacement | 5.4% |
| Electronic accessories | 5.2% |
| Exhaust system parts | 4.9% |
| Oil change | 4.4% |
| Brake system parts | 4.2% |
| Tuneup work | 2.8% |
| Engine parts | 2.6% |
| Fuel system parts | 2.5% |
| Front end parts | 2.4% |
| Starting/charging system | 2.4% |

Source: *Automotive Marketing 1991 Consumer Automotive Repair Study.*

# MARKET LINE

Dean Bilbe, noted, "The do-it-for-me revolution is going to come to the forefront. So we want both formats. It's not that there's not going to be any DIY in the future, but that we want to be able to take care of both types of customers." All new Champion company stores will have service while franchisees will have the choice of service bays or DIY only.

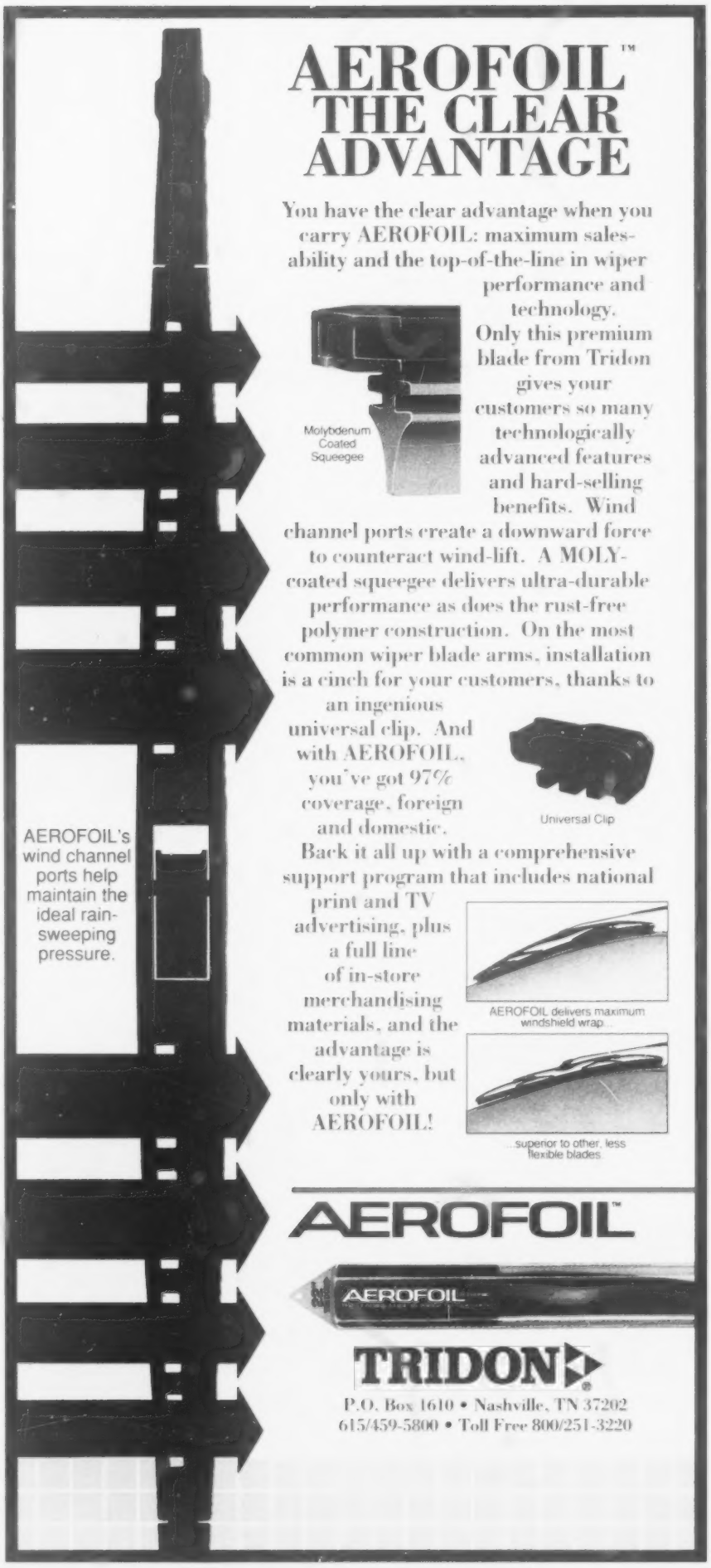
The service market these chains are entering is going through some serious changes. Right now, the auto chains have a very small share of the service market. Ed Kaufman, president of Lindsey-Kaufman Co., Tenefly, NJ, puts the dollar sales figure at about $1.8 billion out of a total service market of about $61.1 billion.

Auto chains with service bays tend to be chains that make tire sales a key part of their presentation. To sell tires successfully, you have to have service bays. And several auto chains do surprisingly well at selling tires. For example, the Pep Boys, Philadelphia, Cornell private brand has about a 1.5% share of the tire market, up about 0.5% in the last two years, according to *Modern Tire Dealer*. Tire sales account for roughly 11% of Pep Boy total sales, which makes the tire business worth about $90 million to Manny, Moe and Jack.

There is also the Cordovan brand, sold exclusively by retailers such as Grand Auto, R&S Strauss, and independent tire stores. It has a 2% market share. Then, there's Western Auto, Kansas City, whose Sentry brand alone has a 2% share of the tire market. The Sentry line has also increased by a half-percent in the last two years. In 1988, just before it was acquired by Sears, Western Auto gobbled up NTW and Tire America, which accounted for almost $200 million in tire sales. Tire market analysts believe Western Auto accounts for about 6.5% of the total tire market along with parent Sears' 8% of the market.

While tire sales are profitable, they also drive a service business. Each tire sale leads to a guaranteed wheel balancing, a probable alignment, and at least the chance to inspect the underside of the car for potential suspension, exhaust, and brake work.

If you're inspecting the underside of the car, the logical next step is to be able to repair that underside: suspension, exhaust, brakes. And that's the area that most auto chains have emphasized. However, these are the most competitive areas of service work, and are growing more competitive due to changes in the service market. Within the market, the players have been changing for some time and the 1990s will see this trend continue. The 1990s will be a highly competitive decade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in service, at least for some service work.

A study by the Motor Equipment Manufacturers Association (MEMA), Englewood Cliffs, NJ, and Echlin Inc., Branford, CT, suggests that the service station will play a much smaller role in parts sales by the end of the decade, falling from 34% of parts sales (professional market only) in 1985 to about 20% in 2000. Who will pick up the lost business? The big winners will be new car dealers (from 19% to 25%) and tire stores (from 5% to 11%). Also gaining will be garages (12% to 15%), specialists (11% to 14%), and auto parts stores (from 6% to 9%).

So auto parts stores will increase service sales, according to a major parts manufacturers. But not in all areas. Probably not in repairs that require diagnostic work. The key reason is technology. The vehicles built in the 1980s are the first generation to require a heavy investment by repair facilites to repair or work on the vehicles. Ignition, fuel management, engine controls and electronics are all vehicle systems that have undergone, and are continuing to undergo, huge changes.

Who can make this investment? The corner gas station or garage probably can't, although periodically the oil companies make noises about getting back into the repair business. Those that can invest are car dealers. Car dealers have to keep up with equipment and mechanic training because of warranties and OE repair requirements. And, many tire stores made the investment in the 1980s to survive as tire sales fell off. The average independent tire store does about a third of its sales through service. Both Firestone's Master Care and Goodyear's Certified Car Care programs began in the 1980s and account for some 3,000 stores.

Analyzing Carquest service dealer customers, Bock said he expects the market for complex repairs to split into two groups: independent garages doing labor intensive work; and diagnostic chains such as Firestone and Sohio Procare becoming diagnostic chains. At the same time, he expects independent garages to lose a lot of the brake-shock-exhaust business to specialists and chains because of the national chains' better advertising and better locations.

One of the most aggressive competing programs for this business will be at Western Auto. At last year's Frost & Sullivan conference, Western president John Barlow said the chain's mission statement was simple: "We're going to solve the customer's problems. Primarily in DIY, secondarily with service. The main driving force for us today is service and installation."

According to Barlow, labor accounts for about 11% of Western Auto revenue, and parts sales through the service bays another 22%. So roughly a third of Western Auto sales are in the service bays. And Barlow wants more. Right now each bay provides about $30-35,000 of revenue; ideally, it would be closer to $50-55,000 per year.

And where will increased sales come from? The specialists. "We look at potentials by category: brakes, shocks, starting/cooling systems. Many services done by specialists can be lured away. Only Midas is entrenched in exhaust. You'll see several other segments attacked by chains."

At Pep Boys, president and CEO Mitch Leibowitz said the chain's service bays are there mainly to install anything Pep Boys sells. "We would not sell as many tires if we did not provide installation. The same holds true for batteries, shocks, parts, and accessories." Since 1980, Pep Boys has been beefing up its service operation. Until then it was subservient to DIY sales.

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Part of the reason for the change was the decrease in gas stations and car dealers gave retailers the chance to fill the gap in service outlets.

Other chains with more than 100 service bays are R&S Strauss, Union, NJ; Nationwise, Columbus, OH; Super Shops, Newport Beach, CA; Quality Stores, North Muskegon, MI; and Grand Auto, part of PACCAR, Renton, WA.

Right now, despite the advantages and successes of other chains, the chances of many more chains jumping into service is slim. For one thing, the price to enter the market is high. Higher real estate, building costs, expensive equipment, and complex, costly recruiting and keeping service personnel all present serious challenges. And, running a service operation is not an easy job.

Roger Pritt said, "There are a lot of people looking for a way to build a better mousetrap when they ought to be looking at the basics. They ought to get better at running their everyday, core business. There'll always be a place for the retailer."

And, finally, as Fran Lebreque, who started the ADAP chain in the early 1980s, once explained why he wanted no part of service, "Putting your chain's reputation into the hands of mechanics delivering good car care is a much more elusive task than presenting customers with a well-stocked store." ■

## Action Auto Plans To Escape Chapter 11

A year after filing Chapter 11 bankruptcy, Action Auto, Flint, MI, filed a reorganization plan that president Dick Sabo said will bring the company back to 50 stores and a combined DIY/service strategy by year end. The plan also calls for Action to remain a public company.

The centerpiece of the plan calls for Action to sell 30 stores to Total Petroleum, Denver, and for Total Petroleum to assume leases on 35 more for $14 million. Total had sales of $2.17 billion in 1990, according to Standard and Poors Corporate Guide. The company operates 2,698 gas stations (ranked 14 among the major oil companies) and pumped 1.8 billion gallons of gasoline in 1990, 1.5% of total U.S. gasoline sales, according to the *National Petroleum News*. About 600 of its stations have convenience stores attached.

"Total will sell gas and operate convenience stores at 65 former Action Auto stores," Sabo said. "About 50 of these stores have six service bays in each. Those 50 will be remodeled and the stores cut in half. One half will be for Total and one half for Action Auto stores."

The split will leave Action with about 2,500 square feet of retail selling space and a six-bay service operation. "The new Action Auto stores will have a parts, service, and tire format," Sabo said. "We're going to make a stronger thrust in service and tires. Inside we'll lose some accessories like light truck and performance items that require space. We'll lose the gas sale that made up about half our total sales. But that was a high volume, low profit business anyway."

The second part of the plan calls for selling off excess inventory, real estate to raise capital and fresh investment capital from a new investment group consisting of a New Jersey investment group Somerset Holdings Limited and the "present management of Action Auto."

"After restructuring," Sabo said, "we'll be in good shape. There will be no debt, we have major money backing from Somerset, and we'll have a small infrastructure. We're going to lease so there's no occupancy costs. The environmental problems will be behind us. We'll be dealing in our highest profit line: service. We want to expand the service business. The tire program we'd started with Metro 25 went on hold. That will be a major part of business."

But right now, the main idea is to get the plan approved, use assets to pay off the creditors and get back in the auto parts and service business. "If there's no objections to the plan," Sabo concluded, "by the end of 1992, we'll be back up to 50 stores plus."

At press time, there was no decision by the creditors and court on whether or not Action Auto's plan was accepted. ■

RETAILERS

## Canadian Tire Opens First Auto Source Warehouses

You'd think you died and went to heaven" was the advertising teaser that preceded the opening of the first two Canadian Tire-owned Auto Source auto warehouse stores in Indianapolis in July.

The stores are both roughly 47,000 square feet with about 30,000 square feet devoted to retail sales. The remaining footage holds 24 service bays with two bays exclusively for quick lube work.

The two are the first of what Canadian Tire, (Toronto, Canada) hopes will be a chain of 100-120 similar warehouse stores spread across the U.S. Midwest. Canadi-

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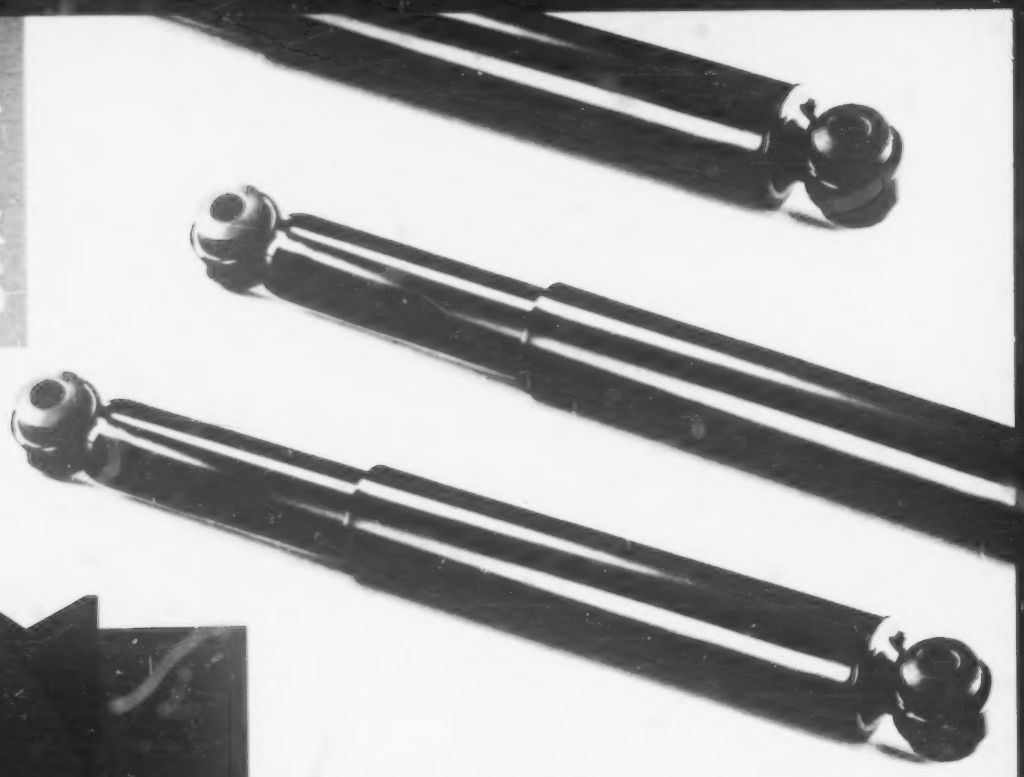
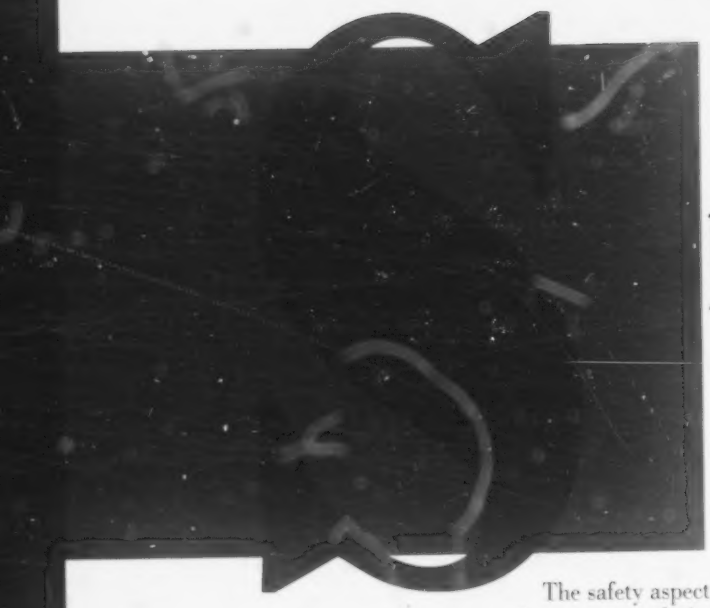




# hock Absorbers

All cars use shock absorbers or MacPherson struts to control vehicle ride and keep the wheels and tires in constant contact with the road.

The safety aspect of these parts cannot be overstressed. According to one manufacturer of ride control products, "Replacement rates for ride control have been steadily declining. We are taking the lead to stabilize the market by promoting safety as a selling message, and giving consumers a compelling reason to buy shock absorbers and struts."

Research done by *Automotive Marketing* in 1990 indicated that 56% of consumers feel that safety—vehicle handling and control—would be the most compelling reason to replace their ride control equipment. It's possible, however, that they don't know the results of riding with worn shocks. Let them know that they can subject their tires, steering, and suspension to premature wear and early failure. And that they could lack full ride control in demanding weather or traffic conditions.

If your customers have driven more than 25,000 miles without replacing their original shocks, it might well be time for new ones. Do they know how to look for the warning signs or worn shocks? Try posting the following consumer checklist, or one like it:

- Test the suspension every 5,000 miles by rocking the car up and down at each corner of the car. There should be little or no bounce after you release the bumper.
- See that the height of the car is the same at all four corners.
- Look at each shock carefully to see that there is no oil leaking from it or that the bottom tube is not badly dented. Replace any shock that is leaking or shows extensive damage.
- Inspect your car frequently for suspension problems if you habitually drive on rough roads.

If consumers do decide they need new

**33%**
**of vehicle maintainers who bought front end parts purchased them at automotive parts stores.**

**38%**
**of those who installed front end parts identified themselves as DIYers.**

**87%**
**of vehicle maintainers who bought front end parts bought them for only one vehicle.**

# Shock Absorbers

## PRODUCT LINES & TRENDS

shocks, suggest they upgrade. Gas shocks, for example, can cope better with the small movements common in normal highway driving, and therefore provide a smoother ride. Consumers who drive unpaved roads, or who carry heavy loads, should consider heavy duty shocks. These will give better control.

Front end parts, including shocks, were the 16th most purchased product category among the products studied in the 1991 *Consumer Automotive Repair Study (CARS)*.

The consumer most likely to respond to this information, based on the *CARS* study, is male, between 25- and 44-years old, the majority with an annual household income of over $30,000. Auto parts stores sell most front end parts to this type of consumer, who commands a 33% share of the auto parts store front-end parts market. But almost as many women go to specialty installers for these parts as buy them at auto parts stores. Maintainers 55-years-old or more also patronize specialty installers: 41% of them go there for these parts, compared with only 24% who go to auto parts stores.

Twenty one percent of those making between $30,000 and $40,000 annually go to independent garages, while only 11% of all maintainers buy from them. Almost a quarter of those making over $40,000 bring their cars to the dealers.

Price is also a key in selecting where to purchase ride control products. Those who do the job themselves frequently do so mainly to save money. For those who do not replace these parts themselves, not having the specialized tools, such as spring compressors for struts, is a deterrent for many otherwise DIYers. In all, 45% of all men cited lack of tools, while only 40% said they didn't know how to do the job. Sixty percent of those who spend between six and ten hours a month on automotive DIY and who didn't install their own front end parts lacked the proper tools. This suggests that your prime customer may be the hard-core DIYer. Make sure you stock the ride-control items he wants and needs. ■

**73%**
**of those with only one vehicle who bought front end parts bought them for a car.**

**56%**
**of DIYers who installed front end parts said they did so to save money.**

**66%**
**of vehicle maintainers who bought front end parts said they bought top-of-the-line parts.**

# Wipers/Blades

According to several manufacturers, the wiper blade business is up, despite the economy. "The traditional market is $220 million at wholesale," a leading manufacturer recently told *Automotive Marketing*. "This represents a 12% growth in units for 1990 over 1989."

Sales of wiper blades have always been dependent on weather, of course. If there is heavy rain, windshield wipers will enjoy brisk sales. If there is a drought, sales will slow considerably. And winter wiper blades—those made of extra heavy materials encased in rubber boots—gain popularity each year, according to manufacturers. These blades are designed to help drivers fight the snow and ice buildup common with ordinary blades.

"The past winter season was good for winter wiper blade sales," said one manufacturer. "There is a good market for winter blades, but there is a greater need to educate the consumer to the advantage of winter blades."

Weather is no longer the only factor influencing wiper blade sales. In recent years, sales have been boosted by a new perception in consumers' minds: that windshield wipers can be used as "fun accessories." Consumers who want to dress up their cars and light trucks can do so with windshield wipers in "hot colors" at a relatively cheap price. This kind of accessorising can boost sales even when weather conditions are not optimum.

The beauty of wiper blades is that they are not, and never will be, strictly accessories. "We look at wipers in terms of safety, function and fit," said one manufacturer. "We don't think of windshield wipers as accessories. They're safety items." Neal Pocock, vice president/marketing and sales for Anco, Div. Cooper Industries, Michigan City, IN, agrees. "We believe the neon color craze is only a fad and a rapidly declining trend," he recently told *Automotive Marketing*.

**72%**

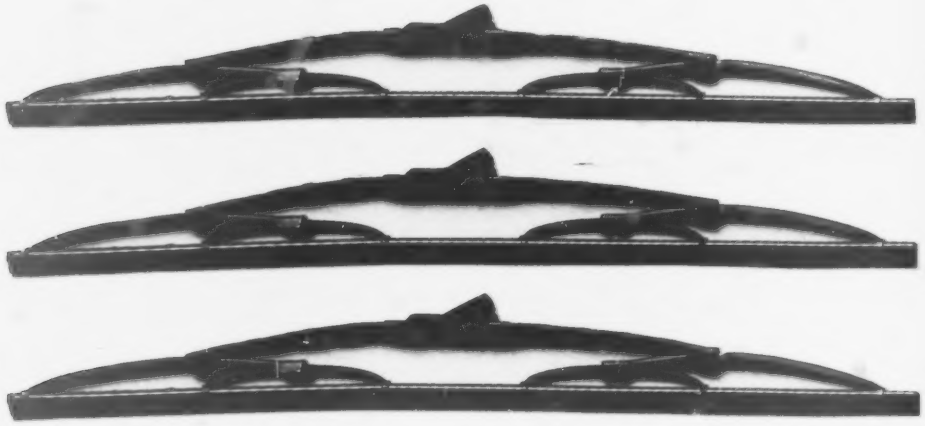
**of vehicle maintainers who bought windshield wipers or blades bought for only one vehicle.**

**38%**

**of vehicle maintainers bought their windshield wipers or blades in automotive parts stores.**

**69%**

**of wiper/blade installers were DIYers of all types, from occasional to sophisticated.**



# Wipers/Blades

## PRODUCT LINES & TRENDS

"These blades are purely visual and not more functional."

According to Pocock, the new trends are aerodynamic blades, longer lengths of 24 and 26 inches, and world class blade development. And, said one manufacturer, "one of the great untold stories of the current promotional blitz in accessories is the corresponding demand for OEM-style blades that don't call attention to themselves. It's an untapped market."

Windshield wipers or blades were purchased by 21% of all vehicles maintainers over the course of the previous year, according to *Automotive Marketing's* 1991 *Consumer Automotive Repair Study (CARS)*. They are the eighth most widely purchased product we studied.

There is little difference in purchase patterns between male and female wiper and blade maintainers, according to the study. In all, 41% of all males and a third of all females purchased wipers at an auto parts store. Those under 25-years-old patronize auto parts stores in greater numbers than those over 25-years-old. And serious DIYers who spend 11 hours or more a month on auto maintenance are also big auto parts stores customers for wipers and blades.

When it comes to having blades put on, three-quarters of all males install their own. Only a quarter of females do their own installation. There's relatively little difference in installation patterns by age groups, although in general, the younger the DIYer, the greater the chance he'll install them himself. Predictably, three quarters of the 11-hour-plus DIYers install their own blades, while only 35% of those who spend an hour or less on DIY do the same.

Only 3% of the men we surveyed said they didn't know how to do the job themselves, but almost half of the women who didn't install their own blades gave this as their reason. The major excuse given by men who did not do their own installation was that they were too busy (20%). But of all those who spend 11 or more hours a month on DIY, 39% said they didn't change their own wipers because they lacked the proper tools! ■

**68%**

**of vehicle maintainers with only one vehicle bought windshield wipers or blades for a car.**

**40%**

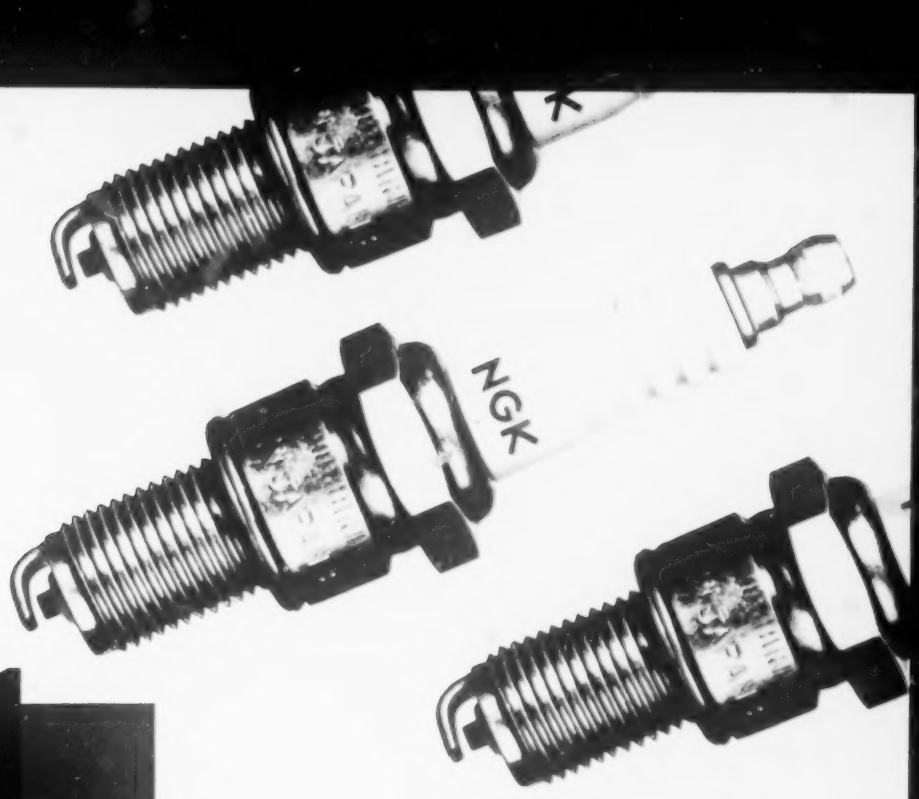
**of DIYers who installed their own windshield wipers or blades did so because it was easy to do.**

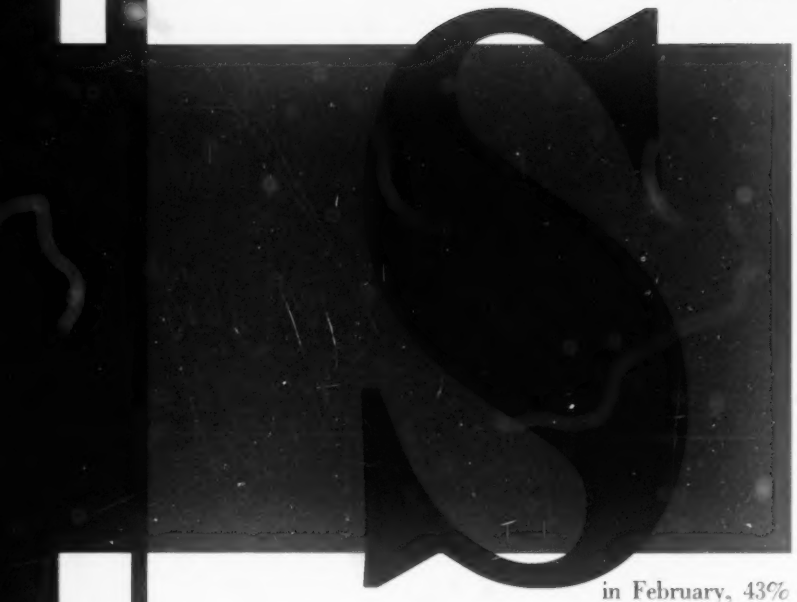
**70%**

**of vehicle maintainers shop around for the best price for windshield wipers or blades.**



(Circle 19 on Product Information Card ♦)



# park Plugs

Spark plugs, an aftermarket staple, have always been an important market. According to an *Automotive Marketing* reader panel survey published in February, 43% of respondents' customers said they would willingly pay more for the better grade of spark plug. And that was at the height of the economic crunch!

According to *Automotive Marketing* estimates from September 1990, the total market is about 550 million spark plugs per year, with another 100 million in the motorcycle, marine, and small engine market. This represents a plateau, but not a downturn. The factory-recommended spark plug replacement intervals are at about 30,000 miles; most spark plug makers recommend replacement at about 12,000 miles, depending on vehicle use. Experts concur that most spark plugs should be changed more frequently than manufacturers recommend. And DIYers are buying.

According to the reader panel survey, retailers typically stock 175 spark plug SKUs, encompassing four brands. Over half of the retailers responding to the survey also stock a different line of spark plugs for imported cars.

Tuneup parts such as spark plugs are the fifth most purchased product of all those studied in the 1991 *Consumer Automotive Repair Study (CARS)*. That's up from 1990, when they were the sixth most purchased item—very good news in a year that's seen downturns due to the Gulf War and the flat economy.

Among purchasers of tune-up products, including spark plugs, 64% are male, 53% between 25- and 44-years old, and half with household incomes of over $30,000, according to the 1991 *CARS* study. Slightly over half of these purchasers spent between one and five hours a month on automotive DIY work, and 47% were responsible for maintaining only one vehicle.

For every demographic group studied

**43%**

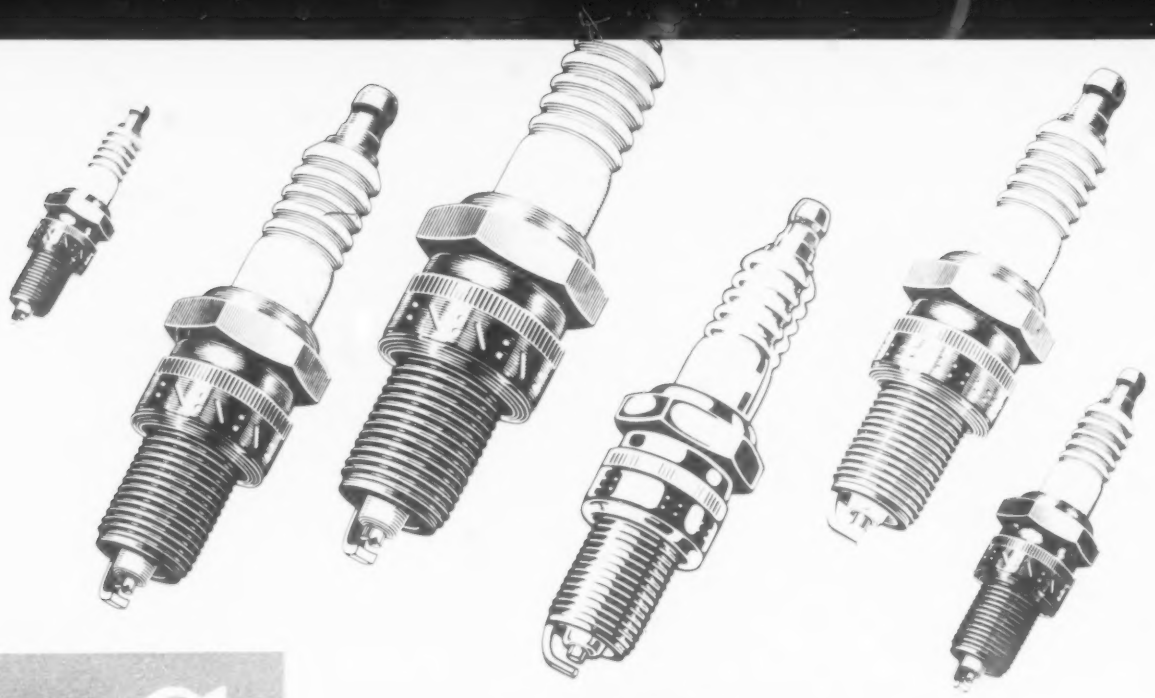
**of vehicle maintainers who bought tune-up parts, including spark plugs, bought them in automotive parts stores.**

**44%**

**of those who installed tune-up parts identified themselves as Do-It-Yourselfers.**

**68%**

**of those who bought tune-up parts, including spark plugs, bought them for only one vehicle.**



# Spark Plugs

## PRODUCT LINES & TRENDS

in the *CARS* survey, the auto parts store is the favorite place to buy tune-up products. Women, reluctant auto parts store buyers in other categories, patronize them over the second-place retailer, the car dealer, 37% over 26%.

Only 9% of tune-up product buyers buy them at specialty installers. An exception is the younger buyer; 13% of those under 25-years-old bought tune-up products at a specialty installer. The percentage of those 25- to 34-years-old is 11%; and among the older baby boomers, aged 35- to 44-years-old, 6% patronize specialty retailers. But 11% of older Americans over 55 go to these outlets.

Twenty-five percent of those making between $20,000 and $40,000 a year in annual household income patronize specialty tune-up parts installers. But DIYers installed more tune-up parts than any other single installer. The top five installers in the *CARS* study were: DIYer, 44%; car dealership, 20%; independent garage, 14%; specialty installer, 10%; and gas station, 9%. Most vehicle maintainers (68%) bought tune-up parts for only one vehicle; 69% bought them for cars, 12% for light trucks, 2% for vans, 2% for utility vehicles, and 15% for more than one vehicle.

The number-one reason DIYers gave for installing tune-up parts such as spark plugs was, not surprisingly, to save money. Sixty percent gave this as their primary reason, followed by the ability to do the job, 28%; the simplicity of the job, 15%; a need for the job to be done, 13%; and personal enjoyment, 11%.

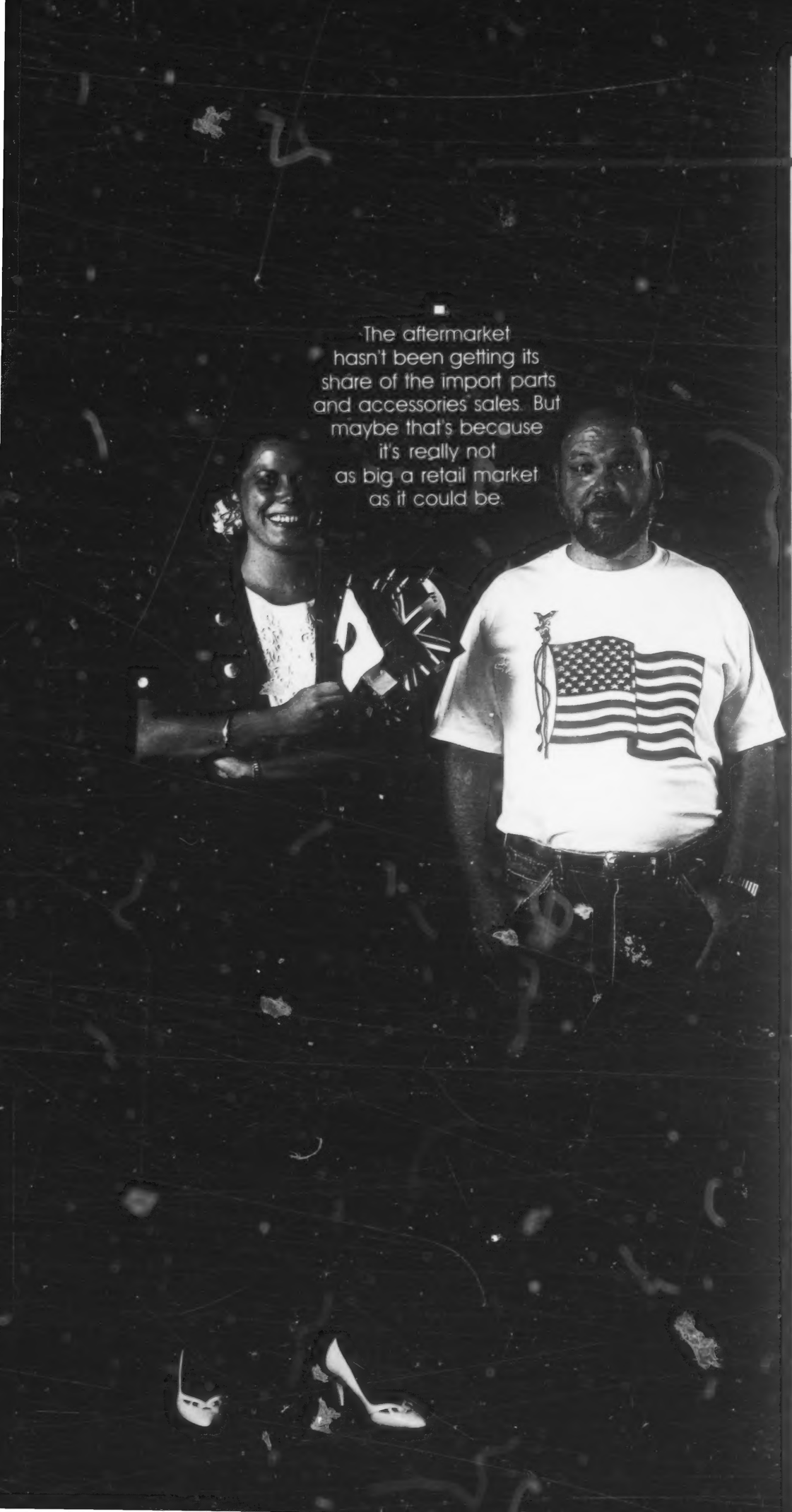
According to the March issue of *Automotive Marketing*, training vehicle maintainers how to install tune-up parts is a key factor in making this market grow. Just over half of all non-DIYers said they didn't know how to do the job. But when it comes to women, that number grows to three-quarters of all female DIYers.

The top five reasons for not installing their own tune-up products themselves were lack of knowledge (54%); lack of time (18%); lack of proper tools (a situation easily remedied by the retailer); lack of enjoyment (9%); and lack of personal confidence (7%). ■

**69%**
**of vehicle maintainers who bought tune-up parts bought them for a car.**

**60%**
**of DIYers who installed their own tune-up parts said they did so to save money.**

**53%**
**of those vehicle maintainers who bought tune-up parts said they did not shop around for the best price.**



The aftermarket hasn't been getting its share of the import parts and accessories sales. But maybe that's because it's really not as big a retail market as it could be.

## Import Car Maintainers:

# THEY'RE NOT YOUR FATHER'S CUSTOMERS

by **Phil Katcher,**
Business Editor

In 1971, imported vehicles were only a cloud the size of a man's hand on the horizon. In all, they accounted for 9.4% of cars on the road—most of those the ubiquitous Volkswagen Beetles. Today, however, 28.4% of vehicles registered have foreign nameplates (although, admittedly, many are actually assembled in the U.S. from a mixture of foreign and domestic parts). And, in some areas the percentage is even higher. On the West Coast, for example, some 34% of the cars on the road have foreign nameplates.

Generally, auto parts store owners and managers across the country recognize this growth. In all, three quarters of *Automotive Marketing Reader Panel* members say that the import vehicle market is growing at an average of 15% annually.

Accordingly, auto parts stores have had to increase the number of imported car parts they stock. Bob McKenna, president of NAPA, Atlanta, reported that his company's coverage grew from 712 part numbers for imported nameplates in 1971 to 26,070 today. Over half of the reader panel members said that 5% or less of their inventory was in imported car SKUs a decade ago; that had grown to 10% five years ago and is 20% today.

But, are the growing number of import nameplate owners buying those parts at the same rate as domestic vehicle maintainers? According to reader panel members, an average of 17% of the vehicles in their marketing areas bear import nameplates. But, only 9% of their average sales is in import parts and accessories. So, sadly, the answer appears to be "no."

### A Different Type Of Customer

The reason is that, to paraphrase the well-known National Rifle Association slogan, vehicles don't buy parts, people buy parts. And the people who buy parts for import nameplate vehicles are quite a different breed of cat than those who buy parts and accessories for domestic cars, vans, and light trucks.

Some 63% of the reader panel members agreed that generally import vehicle maintainers do less of their own vehicle maintenance—and hence buy less parts and accessories at auto parts stores—than domestic vehicle maintainers. And,

40% say this figure has remained flat over the last decade, while 28% say that import vehicle maintainers as a whole are even doing less of their own work than they did a decade ago.

"Most of them take their vehicles to the shop," said Curt Hottle, whose Western Auto store in Sidney, OH, does only 2% of its annual sales in import vehicle parts and accessories. "There are not too many Do-It-Yourselfers among them." Indeed, according to the 1991 *Automotive Marketing Consumer Automotive Repair Study (CARS)* of vehicle maintainers who were responsible for maintaining only one vehicle, and that one with a foreign nameplate, almost a quarter (24%) said they did no DIY work at all. Another 44% said they did only the most minimal DIY work - tasks like washing and polishing their cars or topping off the oil.

This compares with the 1991 *CARS* study of everybody who maintained a vehicle, import or domestic, in which only 17% said they weren't some sort of DIYer and 39% said they did only minor jobs. This means that 16% fewer import vehicle owners do any serious auto parts or accessories shopping from other than professional installers than do all vehicle maintainers in the U.S.

This isn't to say that import vehicle maintainers neglect their cars. "They are more cautious about service," said Paul Pulley who manages a Sears store in Clarksville, TN. "They are much more particular than domestic maintainers," according to Art Badgley, of Art's Precision Automotive, Godfrey, IL. In fact, Badgley even refuses to try to compete in the import vehicle maintainer market and does not stock import vehicle parts as part of his regular inventory.

What it does mean, is that import nameplate maintainers go for professional service in larger numbers than do domestic vehicle maintainers, much of that at the new car dealer (see accompanying maintenance behavior pattern charts).

## WHERE THEY BUY AUTO PARTS

*It's nice to note that a significantly larger percentage of import car maintainers shop at auto parts stores than does the car maintainer population as a whole. And, fewer return to car dealers than conventional wisdom says.*

| | All | Import |
|---|---|---|
| Auto parts store | 26% | 31% |
| Department store | 22 | 19 |
| Discount store | 28 | 28 |
| Gas Station | 14 | 14 |
| Hardware store | 13 | 16 |
| Drug store | 5 | 5 |
| Supermarket | 9 | 11 |
| Car dealer | 14 | 8 |

## HOURS SPEND ON DIY

*A significantly larger percentage of import car maintainers spend no hours a month on automotive DIY work than do car maintainers as a whole.*

| Hours/Month | All | Import |
|---|---|---|
| 0 hrs | 32% | 41% |
| -1 hr | 10 | 11 |
| 1-5 hrs | 46 | 39 |
| 6-10 hrs | 7 | 6 |
| 11-15 hrs | 2 | 1 |
| +16 hrs | 3 | 1 |

## HOW OFTEN THEY SHOP FOR AUTO PARTS

*Import car maintainers shop for auto parts significantly less every year than does the car maintaining population as a whole.*

| | All | Import |
|---|---|---|
| 1 time | 8% | 11% |
| 2 times | 10 | 13 |
| 6 times | 7 | 5 |

## THE AGE OF THE DIYER

*Import car maintainers are generally younger than car maintainers as a whole.*

| | All | Import |
|---|---|---|
| -18 years old | 1% | 1% |
| 18-24 years old | 12 | 16 |
| 25-34 years old | 24 | 36 |
| 35-44 years old | 20 | 24 |
| 45-54 years old | 13 | 9 |
| 55-64 years old | 12 | 5 |
| +65 years old | 16 | 10 |

## WHAT THEY BOUGHT

*We asked all vehicle maintainers what products they bought in the course of the previous year. Then we compared the percentages who said they'd bought specific products to people who said they were responsible for maintaining only one import car.*

| | All | Import |
|---|---|---|
| Fuel system parts | 46% | 36% |
| Oil change | 43 | 50 |
| Brake system parts | 42 | 41 |
| Batteries | 32 | 24 |
| Tune-up parts | 30 | 31 |
| Antifreeze/coolant | 27 | 19 |
| Engine parts | 22 | 13 |
| Wipers/blades | 21 | 16 |
| Wax/polish | 19 | 16 |
| Starting/charging | 19 | 8 |
| Oil/gas additives | 15 | 14 |
| Transmission parts | 14 | 7 |
| Lighting products | 14 | 6 |
| Appearance chemicals | 12 | 9 |
| Front end parts | 11 | 9 |
| Air conditioning | 10 | 4 |
| Cooling system parts | 8 | 6 |
| Body repair products | 8 | 4 |
| Wheels & accessories | 6 | 2 |
| Books/manuals | 5 | 2 |
| Seat covers | 2 | 4 |

### Pinpointing The Import Maintainer

Generally, there are some major differences between the vehicle maintaining population as a whole, and those who are responsible for maintaining only one imported nameplate vehicle.

They are younger. Over half (52%) are 34-years-old or younger. In the overall U.S. vehicle maintaining population, only 38% are 34-years-old or younger. This is a generation brought up with electronics for whom new technology should hold few fears.

They are better educated. Almost half (49%) are at least college graduates while many have gone on to do some post-graduate work. This compares to only 28% of the overall vehicle maintaining population who have reached the same educational level. This suggests that most are capable of learning how to do their own automotive maintenance if they wanted.

Considerably fewer are in traditional nuclear families. Only 29% are married, compared to 54% of the vehicle maintaining population as a whole. But, 41% have never been married (compared to 21% of the whole vehicle maintaining population), while 22% are divorced or separated (compared to 16% of the overall population). This means they are busy wage-earners.

More hold white collar jobs. Thirty per cent say they are professional or technical workers, compared to 16% of the overall vehicle maintaining population. But 10% of the overall vehicle maintaining population say they are craftsmen or kindred workers, compared to only 4% of import nameplate maintainers. This means they are basically unused to doing dirty, hands-on types of jobs.

Many more are women. In all, 56% of import nameplate maintainers are women, compared to only 43% of the overall vehicle maintaining population. And women do fewer DIY jobs on the whole than do men.

So, what retailers are looking for when trying to attract import vehicle maintainers generally is bringing into their stores younger, better educated, single women—hardly one of their prime customer groups in the past.

### Asian vs. European Maintainers

However, an additional consideration, in terms of looking at the import aftermarket, is that in fact not all import

## HOW EDUCATED ARE THEY?

*imported car maintainers are more educated than is the car maintaining public as a whole. Hence, the retailer can address them generally on a more technical level.*

| | All | Import |
|---|---|---|
| Less than HS Graduate | 10% | 4% |
| HS Graduate | 36 | 25 |
| Some college | 25 | 21 |
| College graduate | 28 | 49 |

## WHERE THEY BOUGHT BRAKE SYSTEM PARTS

*We compared the purchase and installation patterns of car maintainers who bought and had brake system parts installed. In all, 42% of all vehicle maintainers bought these parts, just about the same as the 41% of import car maintainers. However, only 12% of import car maintainers had the parts installed by a DIYer, compared to 35% of all vehicle maintainers. And, a third returned to the dealer for the parts, compared to only 17% of all vehicle maintainers.*

| | All | Import |
|---|---|---|
| Auto parts store | 38% | 26% |
| Department store | 2 | 5 |
| Discount store | 1 | 2 |
| Gas station | 8 | 5 |
| Car dealer | 17 | 33 |
| Specialty repair | 14 | 14 |
| Independent garage | 14 | 10 |

nameplate maintainers are alike. Where in 1971 the vast majority of imported cars on the road were made in Europe, today most are of Asian origin. And, there are significant differences between Asian and European nameplate maintainers.

First, there are age differences among import vehicle maintainers. According to the 1991 import maintainer version of the *CARS*, over a quarter (27%) of maintainers 25-years-old or younger have European vehicles, many of them older Volkswagens and Volvos. However, Asian nameplates more fully dominate the vehicle park owned by maintainers between 25- and 44-years-old. In all, 90% of those 25- to 34-years-old and 97% of those 35- to 44-years old, maintain vehicles with Asian (Japanese and Korean) nameplates. European nameplates gather market share with the older crowd again, with 18% of those 45- to 55-years-old maintaining such a vehicle. Twenty per cent of those over 55-years-old—traditionally reluctant DIYers—maintain a European nameplate vehicle.

European nameplate owners tend to be found at either extreme of the annual household income spectrum. In all, 22% of those with annual household incomes of $20,000 or less who maintain one import nameplate vehicle have a European vehicle, while 10% of those with $40,000 or more in annual household income have a European vehicle. By contrast, only 4% of those making between $20,000 and $30,000 in annual household income and 4% of those making between $30,000 and $40,000 maintain European nameplate vehicles.

## HOW MUCH THEY ENJOY DIY WORK

*Significantly fewer import car maintainers enjoy doing automotive DIY work.*

| Enjoy DIY | All | Import |
|---|---|---|
| A lot | 18% | 10% |
| Somewhat | 34 | 35 |
| Not much | 26 | 28 |
| Not at all | 22 | 28 |

They differ by sex. Females, a group which traditionally does less automotive DIY work, prefer Asian nameplate vehicles, while more men drive European nameplates. Of females who maintained only one vehicle, that that one had an import nameplate, 91% drove Asian nameplates, compared to only 84% of the similar male group. While this may look encouraging for sales of European parts and accessories, many of European vehicles are upscale vehicles, such as Porsches and Mercedes, which are more often professionally maintained than not.

Indeed, this trend is evident to many of reader panel members. "People who buy European cars have a tendency to take better care of their cars," said Norman Meinke, 2-M Auto Supply Inc., Lowell, AR. Ken Davis who manages a Right A Way Auto store in Trenton, MO, agreed, saying that "European car owners are more attentive to repairs."

On the other hand, a new study indicates that Japanese nameplate vehicle maintainers maintain their cars less ado-

## WHERE THEY BOUGHT TUNE-UP SYSTEM PARTS

*We compared the purchase and installation patterns of car maintainers who bought and had tune-up parts installed. In all, 30% of all vehicle maintainers bought these parts, just about the same as the 31% of import car maintainers. However, only a quarter of import car maintainers had the parts installed by a DIYer, compared to 44% of all vehicle maintainers. And, half returned to the dealer for the parts, compared to only 21% of all vehicle maintainers.*

| | All | Import |
|---|---|---|
| Auto parts store | 43% | 25% |
| Department store | 1 | 2 |
| Discount store | 4 | 2 |
| Gas station | 8 | 9 |
| Car dealer | 21 | 50 |
| Specialty repair | 9 | 5 |
| Independent garage | 11 | 7 |

## HOW MUCH DIY WORK DO THEY EXPECT TO DO?

*A significant percentage more of import car maintainers expect to do the same amount of automotive DIY work in the future as they do now than do car maintainers as a whole.*

| DIY work | All | Import |
|---|---|---|
| Increase | 24% | 20% |
| Decrease | 18 | 15 |
| Stay same | 58 | 64 |

## WHERE THEY BOUGHT LIGHTING SYSTEM PARTS

*We compared the purchase and installation patterns of car maintainers who bought and had light system parts installed. In all, 15% of all vehicle maintainers bought these parts, just about the same as the 14% of import car maintainers. However, only 68% of import car maintainers had the parts installed by a DIYer, compared to 71% of all vehicle maintainers. And, 26% returned to the dealer for the parts, compared to only 7% of all vehicle maintainers.*

| | All | Import |
|---|---|---|
| Auto parts store | 50% | 42% |
| Department store | 4 | 5 |
| Discount store | 13 | 5 |
| Gas station | 10 | 5 |
| Car dealer | 7 | 26 |
| Specialty repair | 3 | 5 |
| Independent garage | 8 | 11 |

quately than other car maintainers do—or that they believe that their cars are indestructible. It shows that fewer Japanese nameplate maintainers even bother to have recall defects corrected. According to a recent study done at Virginia Commonwealth University, while 62% of American-made vehicle owners get such defects repaired, only 41% of owners of Japanese vehicles get such work done. University researchers suggested that the difference in repair rates could be in part due to greater publicity for American vehicle defects, and in part to a greater awareness among American car maintainers of the possibility of recalls.

Certainly the fact that Japanese nameplate maintainers tend to be those—often women—who are in the midst of growing careers and raising families with less time and money to spend on vehicle maintainence, would contribute to this lack of basic maintenance.

## WHERE THEY BOUGHT OIL OR GAS ADDITIVES

*We compared the purchase and installation patterns of car maintainers who bought and had oil or gas additives, simple DIY products, installed. In all, 15% of all vehicle maintainers bought these parts, just about the same as the 14% of import car maintainers. However, only half of import car maintainers had the parts installed by a DIYer, compared to almost three quarters (73%) of all vehicle maintainers.*

| | All | Import |
|---|---|---|
| Auto parts store | 37% | 20% |
| Department store | 6 | 10 |
| Discount store | 17 | * |
| Gas station | 23 | 55 |
| Specialty repair | 3 | 5 |
| Drug store | 1 | 5 |

* Number too small for accurate measurement

## HOW THEY CLASSIFY THEMSELVES

*Dedicated DIYers still drive domestic cars. The aftermarket has a lot of work to do to turn import car maintainers into DIYers.*

| | All | Import |
|---|---|---|
| Not a DIYer | 17% | 24% |
| Light DIYer | 35 | 44 |
| Medium | 26 | 22 |
| Dedicated | 16 | 4 |

### Attracting The Import Vehicle Maintainer

So, how does the retail aftermarket turn import vehicle maintainers into customers?

The obvious answer is to install service bays and offer professional service to compete with new car dealers. This, however, requires staffing with trained technicians, who are not always easy to find and keep, and purchasing expensive diagnostic and other equipment. Getting into professional service requires much thought and a serious commitment.

In terms of turning these maintainers into DIYers, education is a major key. Import nameplate maintainers have to learn that they can do their own automotive maintenance and repairs—and save themselves money in the process. They have to be taught beyond the new car dealer mystique, that they can refer to an easily obtained repair manual, go into an auto parts store, get the part they need, and then do their own work. And, often have fun doing it.

Most reader panel members agree that the key part in getting and keeping the import vehicle maintainer is having the right part on hand for the specific job. If a potential DIYer comes in to get a part and it isn't there, he or she can get discouraged, feeling that he or she has to go back to the dealer.

Frank Johnson, whose Lacy Auto Parts in Soledad, CA, does about 30% of its annual sales in parts and accessories for import nameplates, said to sell the part you've got to "have it on hand." To sell best, he said, a retailer must "have a good supplier and catalogs." Johnson sees the market for import nameplate vehicle parts and accessories reaching 50% by the end of the century.

The good supplier and catalogs are important, said the owner of a Western Auto store in Lenoir, NC, because "SKUs for imports are much higher and harder to inventory. So you've got to be able to tell customers that you will be glad to order what is not in inventory."

Finally, since overall the number of import nameplate vehicles is growing at a great rate, even those who have avoided entering the market should seriously consider aiming promotional and stocking efforts at serving it. Even Art Badgley, whos Art's Precision Automotive doesn't ordinarily stock import parts, said, "Never lose a sale on an import part, regardless of where you must source it." ■

## WHY THEY DON'T DIY

*"I didn't know how to do the job," is one of the most common excuses why a vehicle maintainer didn't do his own repairs or maintainence work. But, in any job involving anything but the easiest job, it's an excuse given by a significantly larger group of import car maintainers than vehicle maintainers as a whole. For example, the chart below describes the parts bought over the past year and the percentage of those who had those parts installed professionally who said they went that route because they didn't know how to do the job themselves.*

| | All | Import |
|---|---|---|
| Body repair products | 71% | 100% |
| Engine system parts | 67 | 78 |
| Brake system parts | 58 | 73 |
| Tune-up parts | 54 | 69 |
| Front end parts | 53 | 75 |
| Fuel system parts | 51 | 61 |
| Oil change products | 37 | 47 |
| Batteries | 37 | 46 |
| Wipers or blades | 32 | 22 |
| Antifreeze/coolant | 28 | 28 |